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DALE PROPERTY SERVICES, LLC ATTN: RECORDING TEAM 500 TAYLOR ST. STE 600 FORT WORTH, TEXAS 76102

Submitter: DALE PROPERTY SERVICES. LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE W/ OPTION v. 5

Electronically Recorded Chesapeake Operating, Inc.

PAID UP OIL AND GAS LEASE (No Surface Use)

day of October THIS LEASE AGREEMENT is made this 22 , 2010, by and between EMILY G. DAFCIK WATT, A SINGLE PERSON whose address is 6629 FIRESTONE ROAD, FORT WORTH, TEXAS 76132, as Lessor, and CHESAPEAKE EXPLORATION, L.L.C., AN OKLAHOMA LIMITED LIABILITY COMPANY, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

3.459 ACRES OF LAND, MORE OR LESS, CONSISTING OF THE FOLLOWING THREE (3) TRACTS:

TRACT ONE: 1.636 ACRES OF LAND, MORE OR LESS, BEING LOT 4, OUT OF THE FIRST PLACE ADDITION, AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388-184, PAGE 14 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

.647 ACRES OF LAND, MORE OR LESS, BEING LOT 2, OUT OF THE FIRST PLACE ADDITION, AN ADDITION TO TRACT TWO: THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388-58, PAGE 823 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT THREE: 1.176 ACRES OF LAND, MORE OR LESS, BEING A TRACT OF LAND OUT OF THE A. C. WARREN SURVEY, ABSTRACT 1686, SITUATED IN TARRANT COUNTY, TEXAS MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN DEED DATED JULY 3, 2008 BY AND BETWEEN WILLIAM V. DAFCIK JR., DENISE F. DAFCIK PADFIELD, EMILY G. WATT, ANNE MARIE DAFCIK POTTHOFF BILL DAFCIK AND THOMAS EDMOND POTTHOFF, AS GRANTOR, AND TOWN TALK FOODS, LTD, A TEXAS LIMITED PARTNERSHIP, AS GRANTEE, RECORDED IN DOCUMENT NUMBER D208269725 OF THE DEED RECORDS OF TARRANT COUNTY, TEXAS.

SAID LANDS ARE HEREBY DEEMED TO CANTAIN 3.459 ACRES OF LAND, MORE OR LESS.

in the county of TARRANT, State of TEXAS, containing 3.459 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained
- 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be <u>Twenty Five Percent</u> (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of s (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs

- payments.

 5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with the production of oil or cas or other substances covered hereby, as long thereafter as
- operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

 6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a wel

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equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyan

- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointy or expressively in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter. separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferse to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of
- the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises. reasonaby necessary in such pulposes, including out not immuse to geophysical operations, mate miling of week, and the construction and use of reads, cartals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and the read of the

- Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.
- 17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of Two (2) years from
- 17. Lessor, and their successors and assigns, nereby grants Lessee an option to extend the primary term of this lease for an additional period of Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

 18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

 DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that these lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor entered into this lease without duress or undue influence of this lease that I essor would go the bighest price or different terms depending on acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE, MADE A PART HEREOF.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

Signature: KEmby Watt Printed Name: KEmily Watt	Signature: Printed Name:
STATE OF TOVOS COUNTY OF TOVONH This instrument was acknowledged before me on the	ACKNOWLEDGMENT ACKNOWLEDGMENT
KRISTA L. THOMAS My Commission Expires August 11, 2014	Notary Public State of Texas Notary spame (printed): Notary's commission expires: ACKNOWLEDGMENT

EXHIBIT "A"

The terms of this lease exhibit shall control notwithstanding any language to the contrary in paragraphs 1 through 18 of the Paid Up Oil and Gas Lease ("Lease"). The Lease shall be amended and modified as follows:

- 19. The Lessee shall not drill any well on adjacent lands covered by other leases owned by the Lessee unless said well is more than 300 feet from the outside boundary of the premises covered in this lease.
- 20. Lessor may not conduct any drilling operations or erect any surface structures or store any equipment on land covered in this lease.
- 21. The Lease does not cover or include any right or privilege to hunt with firearms or dogs on the leased premises or to fish thereon, all such hunting and fishing rights are reserved to Lessor.
- 22. Paragraph 3 of the Lease shall be modified to delete the following terms " ...less a proportionate part of ad valorem taxes and production, severance or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substance, provided that Lessee shall have the continuing right to purchase such production of the prevailing wellhead market price paid for production of similar quality in the same field..." The aforementioned deleted terms shall instead be replaced with the following: "based on the wellhead market price for production of similar quality in the same field..."
- 23. Paragraph 6 of the Lease shall be modified to add "...insofar as operations on such pooled unit that contains acreage not covered by this lease but adjacent thereto shall only be deemed to preserve this lease as to not more than 640 acres if gas production and 40 acres if oil production from the pooled land occurs" immediately after the sentence "Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises..."
- 24. Paragraph 10 of the Lease shall be modified to delete the following provisions: "In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purpose, including but no limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water-wells, disposal wells, injections wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production." Furthermore, Paragraph 10 of the Lease shall be modified to delete the following provision: "Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other land during the term of this lease or within a reasonable time thereafter."
 - 25. Paragraph 14 of the Lease shall be deleted and removed in its entirety.
- 26. Paragraph 15 of the Lease shall be modified to delete the following phrase in the first sentence "...hereby warrants and agrees to defend title conveyed to Lessee hereunder, and..." Instead, the first sentence of Paragraph 15 shall read "Lessor agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises."
- 27. Paragraph 16 of the Lease shall be modified to delete the following phrase: "Notwithstanding anything contained to the contrary in this lease..." Instead, Paragraph 16 shall read "Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations."
- 28. Paragraph 3 of the Lease shall be modified such that the following sentence is added at the end of Paragraph 3: "This lease may not be maintained in force by the payment of shut-in royalties for more than a period of two (2) consecutive years or four (4) years in the aggregate without Lessor's written consent which shall not be unreasonably withheld".